

QUESTIONS AND ANSWERS

1. Who can access MET contract information?

Only those persons listed on the contract as beneficiary, purchaser, or appointee will be given contract specific information whether via phone, written communication, email, online access or any other means of communication with the MET office. MET will only provide general program information to all other inquiries.

2. How does MET pay for future tuition?

The State's experienced money managers at the Department of Treasury invest the money paid by MET purchasers. Currently those funds are conservatively invested in equities (up to 50%) and bonds. MET uses the funds and investment earnings to pay MET beneficiaries' tuition costs and mandatory fees.

3. Who manages the MET fund investments?

The Department of Treasury, Bureau of Investments, manages MET's investments and has successfully managed Michigan's \$46.7 billion pension system, which is the 13th largest public pension system in the nation and the 29th largest pension system in the world.

4. The beneficiary will not graduate from high school in the expected academic year as submitted on the Contract Signature Page at the time of purchase. Can this date be changed?

No. MET contract prices are based on actuarial projections. MET's actuary projected a probable graduation date based on the beneficiary's age/grade at time of purchase. The actuary also took into consideration that some beneficiaries would begin using benefits early and some would begin using benefits late. Therefore, Section 8 of the MET contract allows a beneficiary nine years from the expected academic year to completely use all contract benefits or receive a refund.

5. Are MET purchases made with pre-tax or after-tax dollars?

When purchasing a MET contract you are using after-tax dollars. Pre-tax contributions are usually reserved for 401(k) types of retirement plans.

6. Must a student use his or her MET contract immediately after high school graduation?

No. A student has nine academic years from the expected high school graduation year to use all credit hours or completely receive a refund.

7. Can MET students attend any Michigan public university or college?

Yes. MET benefits can be used at any Michigan public university or college upon the student meeting that institution's admission standards. MET does not guarantee that a student will be admitted to any Michigan university or college.

8. What are the mandatory fees?

Mandatory fees are those required to be paid by all students attending a particular university/college. Application fees, contact hour fees and fees which are course specific (such as lab fees for science and computer classes, etc.), or fees assessed based on the number of credit hours enrolled are not covered. Also, MET does not pay for room and board or books.

9. What if my student's major requires more than 120 credit hours?

There are some standard four-year baccalaureate degrees which require more than 120 credit hours. A student may submit a Notice to Declare a Major Area of Study form to MET in his or her junior or senior year in college. MET will verify the number of additional credit hours to be covered, if any, consistent with the contract requirements for a standard four-year baccalaureate degree. If MET pays for courses that are repeated to improve a student's grade point average or for incomplete, failed or withdrawn classes, they will count against the total number of credit hours allowed under the contract. MET does not cover the cost of contact hours (hours spent with the instructor).

10. Can credit hours be applied to Graduate School or Advanced Programs?

MET contracts are designed to cover undergraduate courses. However, if a student graduates from college after using the MET contract for undergraduate studies and has credit hours remaining on his or her MET contract, the remaining credit hours may be used toward graduate school or an advanced program at a Michigan public university or college at the undergraduate tuition rate.

11. Will MET cover tuition for a student that moves out-of-state after a contract has been purchased but wants to attend a Michigan public college or university?

Under the Full and Limited Benefits contracts, MET provides payment of in-state undergraduate tuition and mandatory fees at a Michigan public university. Each university determines residency requirements. A student who moves out of the state of Michigan after the contract has been purchased and still wishes to utilize the tuition benefits may do so. In such cases, if the university deems the student an out-of-state resident, MET will provide in-state tuition and mandatory fees and the student will be responsible to pay the difference between the out-of-state and in-state tuition costs directly to the university.

12. What if my student receives a full scholarship?

If a beneficiary receives a full tuition scholarship he or she may terminate the contract and the refund designee will receive a refund of the average tuition (Full Benefits and Community College contracts) or lowest tuition (Limited Benefits contract). A full scholarship must be equivalent to or greater than the contract years purchased. For example, the student owns a 2-year contract and is awarded a 2-year scholarship; a 4-year tuition scholarship; a 2-year community college scholarship; or a 1-year scholarship renewable for four years.

13. What if my student receives a partial or Merit Award Scholarship?

Students who receive partial tuition scholarships, grants, or other types of tuition assistance (including faculty/employee benefits paid by a public institution) may not need all of the educational benefits provided under the MET contract. The institution should invoice MET for all credit hours for which a student enrolls. Any excess amount should be refunded to the student by the institution.

14. What if a student decides not to attend college?

When a student reaches 18 years of age or receives a high school diploma, the student has the option of transferring the contract to an immediate family member or terminating the contract to obtain a refund paid to the refund designee.

15. Who can terminate a MET contract?

Only a student who is at least 18 years of age or has obtained a high school diploma may terminate a contract. Therefore, neither a parent nor a purchaser can terminate a MET contract for any reason. The only exception is if the student has died or is diagnosed as learning disabled, then a person with legal authority to act on behalf of the student may terminate the contract.

16. If my student terminates the contract will there be a lump sum refund?

No. Pursuant to the MET statute, termination refunds are made in four annual installments for the Full or Limited Benefits contract if terminating to attend an out-of-state college, receive a full scholarship or not attend college.

If terminating a Community College contract, refunds are made in two annual installments.

A lump sum refund is provided upon death or learning disability of the beneficiary. See the Termination Refund Provisions chart on pages 12 and 13.

17. What provisions can be made if my student terminates the contract for a refund for any reason and later decides to attend a Michigan public college?

None. The MET contract does not permit the reinstatement of a contract once it has been terminated and a full or partial refund has been made.

18. What if a purchaser dies?

If a purchaser of a lump sum contract dies the executor of the estate should submit a copy of the death certificate, last will and testament and a letter of authority from Probate Court. If a purchaser dies without a will, the executor should contact the MET office. The executor of the estate can add an appointee to the contract and change the refund designee, if necessary. However, if the beneficiary is the refund designee, a change is not allowed.

If a purchaser of a monthly purchase contract in payment status dies, the total monthly purchases received remain with MET until the beneficiary is 18 years old or graduates from high school. The estate may pay the contract in full or an additional person may purchase another contract.

19. What if a purchaser divorces?

Only one person can be named on the Contract Signature Page as a purchaser. Once the contract is accepted by MET the contract belongs to the beneficiary. If the purchaser is named as the refund designee, he or she will retain the right to a refund if the beneficiary decides not to attend college or the right to change the refund designee, if desired.

20. Do any other states offer a similar program?

Michigan was the first state to adopt a prepaid tuition program, however, 20 states have adopted similar prepaid programs and 50 states and the District of Columbia have adopted college savings programs. For more information on states with similar programs you may call the College Savings Plans Network at 1-877-CSPN-4-YOU (1-877-277-6496) or you may obtain information on the Internet at www.collegesavings.org.

21. Does the State of Michigan offer any other education savings programs?

Yes. The Michigan Education Savings Program (MESP) offers three investment options to encourage families to save for higher education. Savings may be used for tuition, fees, room, board, books and equipment required for enrollment. For more information visit the MESP Web site at www.misaves.com or call toll free at 1-877-861-MESP.

22. Can another 529 program be used to purchase a MET contract?

Yes. A rollover form must be submitted with the contract signature page.

23. Can a MET contract be rolled over to another Section 529 Program?

The beneficiary may rollover MET funds to another 529 program once they reach age 18 or graduate from high school.

24. If I submit a monthly purchase contract, when will my monthly purchases begin?

If a monthly purchase contract is submitted between September 1 and December 31, the first monthly payment will be due February 25. For monthly purchase contracts submitted between January 1 and April 30, the first monthly payment will be due

May 25. Monthly purchase contracts submitted between May 1 and August 31, the first monthly payment will be due September 25.

25. Is there a telecommunications device for the speech/hearing impaired?

Yes. The Department of Treasury TTY number is (517) 636-4999.